

THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

DOCKET NO. 2006-107-W/S

IN RE:

Application of United Utility Companies,
Inc. for adjustment of rates and charges
and modifications to certain terms
and conditions for the provision of
water and sewer service.

**PRE-FILED DIRECT TESTIMONY
OF ELAINE KING**

15 Q. Please state your name and place of employment.

16 A. **My name is Elaine King, North Greenville University.**

17 Q. What is your current position of employment?

18 A. **My title is Vice President of Business Affairs.**

19 Q. How long have you been employed with North Greenville University?

20 A. **I have been employed at North Greenville University for 40 years.**

21 Q. How long have you been Vice President for North Greenville University?

22 A. **I have been in this position for 15 years.**

23 Q. Please describe your educational and professional background.

24 A. **I began at North Greenville University as a bookkeeper in 1966 and became**

25 **Business Office Manager in 1976 and Executive Director for Business Affairs in 1991.**

26 **In addition, I completed a three-year program at the College Business Management**

27 **Institute at the University of Kentucky.**

28 Q. Please describe your duties as Executive Vice President of North Greenville
29 University.

1 **A. I am responsible for the business affairs of the University including the business**
2 **office, switchboard, food services, university store, post office, grounds, special projects**
3 **and physical property.**

4 **Q. Are you familiar with United Utility Companies, Inc.'s operation of the wastewater**
5 **treatment facility located on the campus of North Greenville University?**

6 **A. I am familiar with the waste water treatment facility located on the property of**
7 **North Greenville University. This facility was built in conjunction with the Laurel Valley**
8 **housing development to meet the needs of North Greenville University and the housing**
9 **development. The previous sewer system used by North Greenville University needed to be**
10 **upgraded, and therefore the decision was made to build a new plant to accommodate both**
11 **parties. The million dollar plant was given to United Utility in 2001 in order to allow a**
12 **company in the sewer business to take care of the University's sewer needs so that the**
13 **University could concentrate on education.**

14 **Q. How is North Greenville University currently being assessed by United Utility?**

15 **A. North Greenville University is assessed on the basis of how many Single Family**
16 **Equivalents ("SFEs") United Utility deems it to have. It is a flat fee arrangement which**
17 **does not reflect the University's actual usage. Rather, the University is charged the same**
18 **rate every month, regardless of whether any students, faculty or staff are on campus for a**
19 **portion of the month. There are times when students are not on our campus for up to three**
20 **weeks in a month, and yet our wastewater charges are the same, which impacts our cash**
21 **flow because we are continuing to pay the same monthly service charge, but we are not**
22 **receiving any income from tuition.**

1 Q. To the best of your knowledge, has United Utility ever explained to you or any North
2 Greenville representative how it assesses the University's wastewater needs?

3 A. **No, United Utility has never explained to me or other representative how it assesses**
4 **the University's wastewater needs. Occasionally, United Utility would send the University a**
5 **letter saying it was increasing the number of the University's SFEs based on the addition of**
6 **another apartment or resident hall, but these letters would never include an explanation of**
7 **United Utility's assessment process.**

8 Q. How many Single Family Equivalents ("SFEs") was North Greenville University charged
9 for at the time it transferred the wastewater treatment facility to United Utility?

10 A. **In 2001, when the wastewater treatment facility was given to United Utilities, North**
11 **Greenville University was charged for 225 SFEs.**

12 Q. Please describe the pattern of increases in the number of SFEs for which United Utility
13 charges the University which has developed since the transfer of the wastewater treatment
14 facility to United Utility. Please include in this response the number of SFEs North Greenville is
15 currently being charged for?

16 A. **Starting with 225 SFEs at the time the University transferred the facility to United**
17 **Utility in 2001, the SFE numbers increased to 239 in January 2003 iincreasing the monthly**
18 **bill by \$675.36; in November 2004, the SFEs increased to 245 increasing the monthly bill by**
19 **\$289.44; and in October 2005, the SFEs increased to 249 in increasing each monthly bill by**
20 **\$192.96. That is a total increase of 24 SFE's and a monthly bill increase of \$1,157.76 in a**
21 **three year period. This is an 11% increase in SFE's, which is an increase in the wastewater**
22 **fees without any rate increase. This impacts our cash flow and operation costs.**

23 Q. What is North Greenville University's currently monthly service charge?

1 **A. North Greenville University is paying United Utility \$12,011.76 per month. This**
2 **totals \$144,141.12 annually for sewer fees.**

3 **Q. Do you know the amount of United Utility's proposed rate increase?**

4 **A. United Utilities has proposed a rate increase from \$48.24 per SFE to \$65.72 which**
5 **would be a 36.24% increase and would increase our monthly cost to \$16,364.28. That is an**
6 **annual fee of \$196,371.36 for wastewater treatment. This 36.24% increase is in addition to**
7 **the 11% increase in the number of SFEs, which significantly increases the University's cost**
8 **of operation.**

9 **Q. How would such an increase affect North Greenville University's current monthly service**
10 **charge?**

11 **A. This increase equates to \$52,230.24 additional cost per year.**

12 **Q. What measures may be required of North Greenville in order to accommodate the**
13 **proposed rate increase?**

14 **A. The huge increase from United Utilities will affect the North Greenville University**
15 **bottom line and will mandate student tuition increases, student scholarship and salary cuts.**
16 **For example, the additional \$52,230.24 annual increase proposed by United Utility would**
17 **provide twenty-one students with \$2,500 in annual scholarships. It could also provide the**
18 **salary and benefits for an instructor. Exhibit B, explained below, shows a cost difference of**
19 **\$19,226.13 which North Greenville would have saved if charged according to Western**
20 **Carolina Regional Sewer Authority's rates. This cost difference would have provided ten**
21 **students with annual scholarships of \$2,000.**

22 **Q. What rates was United Utilities charging when it purchased the wastewater treatment**
23 **facility from North Greenville University?**

1 **A. When the waste water treatment plant was given to United Utilities in December**
2 **2001 the first monthly bill was \$2,165.75. The proposed increase would be \$16,364.28 per**
3 **month, which is an increase of 655.6% since December 2001.**

4 **Q. Please explain Exhibit A.**

5 **A. The first page to Exhibit A is a spreadsheet showing United Utility's charges. The**
6 **first column reflects the date of the charge; the second column shows the rate, the number**
7 **of SFEs and the percentage of increases. The last column reflects the amount of the**
8 **charges. The second page of Exhibit A shows the grand total paid to United Utility of**
9 **\$568,471.81 from December 2001 through April 2006. This report reveals the tremendous**
10 **increases in rates and SFEs.**

11 **Q. Are you aware of alternative means for assessing wastewater treatment needs, other than**
12 **by means of SFEs?**

13 **A. An alternative method of assessing wastewater needs is to charge an entity based on**
14 **a per thousand gallons basis, which focuses on an entity's usage. Furman University,**
15 **Greenville Technical College and Bob Jones University are all local institutions which are**
16 **charged on a per thousand gallons basis. They are charged by water consumption with an**
17 **allowance for irrigation.**

18 **Q. How would assessment of North Greenville on a per thousand gallons ("PTG") basis**
19 **affect its monthly service charge?**

20 **A. Assessment on a water consumption per thousand gallons rate would reduce our**
21 **costs because of months when students are not on campus for up to three weeks out of the**
22 **month.**

23 **Q. Please explain Exhibit B and its import to North Greenville University.**

1 **A. The first page of Exhibit B is a one-year comparison of our charges from United**
2 **Utility and what we would have paid to Western Carolina Regional Sewer Authority based**
3 **on their rate of \$3.81 per one thousand gallons of water (as reflected in the second page of**
4 **Exhibit B). The first column is the date of our water bills from Blue Ridge Water**
5 **Company. The second column is our gallons of water consumption per month. The third**
6 **column reflects monthly charges from United Utilities, the fourth column is a computation**
7 **of what Western Carolina charges would have been based on water consumption (gallons**
8 **of water divided by 1,000 gallons times \$3.81). The fifth column reflects the difference in**
9 **United Utility charges and Western Carolina rates. Based on one year, our savings would**
10 **have been \$19,226.13 with Western Carolina water consumption rates. The second page of**
11 **Exhibit B is a copy of the web page for Western Carolina Regional Sewer Authority**
12 **reflecting their rates.**

13 **Q. Overall, how will the proposed rate increase affect North Greenville University's**
14 **viability as a university, and how will the increase affect the University's future growth? In**
15 **answering this question, please explain whether and how the proposed rate increase will inhibit**
16 **the growth of the University, whether it will affect the number of dormitories the University**
17 **chooses to construct, whether it will affect tuition rates and thus the number of applicants to the**
18 **University, and whether it will affect the number of students, faculty and/or staff that will be**
19 **allowed to live on campus.**

20 **A. North Greenville University works very hard to make quality education in a Christ-**
21 **centered environment available for our students and keep tuition, room, board and fees as**
22 **competitive and affordable as possible. This past year, North Greenville gave 29% of our**
23 **total income back to students in scholarships. United Utility's proposed rate increase will**

1 **prohibit many students from being able to take advantage of the educational opportunities**
2 **offered by North Greenville. Moreover, the proposed rate increase is cost prohibitive for**
3 **North Greenville University and is impacting our operational costs and our cash flow. It**
4 **has forced us to look for other cost effective alternatives to handle our wastewater**
5 **treatment needs.**

6 **Q. Does this conclude your testimony?**

7 **A. Yes, it does.**

UNITED UTILITIES PAYMENTS AND CHARGES

| UNITED UTILITIES | | | | TIMBERLINE | | |
|----------------------|--------------------------------------|--------------|--------------|--------------------|---------------|--------------|
| | | CHARGES | PENALTY | ADDITIONAL CHARGES | TOTAL CHARGES | PAYMENTS |
| | | | | | | DATE |
| | | | | | | BALANCE |
| 12/1/01 - 12/31/01 | CONTRACT OPERATIONS | \$2,165.75 | | | \$2,165.75 | \$2,165.75 |
| 1/1/02 - 2/28/02 | \$29.00 x 225 x 2 mo. | \$13,050.00 | | | \$13,050.00 | \$13,050.00 |
| 3/1/02 - 4/30/02 | \$29.00 x 225 x 2 mo. | \$13,050.00 | | | \$13,050.00 | \$13,050.00 |
| 5/1/02 - 6/30/02 | \$32.26 x 225 (11.24% incr.) x 2 mo. | \$14,517.00 | | | \$14,517.00 | \$14,517.00 |
| 7/1/02 - 7/31/02 | \$32.26 x 225 (11.24% incr.) | \$7,258.50 | | | \$7,258.50 | \$7,258.50 |
| 8/1/02 - 8/30/02 | \$32.26 x 225 (11.24% incr.) | \$7,258.50 | | | \$7,258.50 | \$7,258.50 |
| 9/1/02 - 9/30/02 | \$49.30 x 225 (52.82% incr.) | \$11,092.50 | | | \$11,092.50 | \$7,200.00 |
| 10/1/02 - 10/31/02 | \$49.30 x 225 (52.82% incr.) | \$11,092.50 | \$58.39 | | \$11,150.89 | \$3,892.50 |
| 11/1/02 - 11/26/02 | \$49.30 x 225 (52.82% incr.) | \$11,092.50 | \$225.65 | | \$11,318.15 | \$15,043.39 |
| 12/3/02 - 12/28/02 | \$49.30 x 225 (52.82% incr.) | \$11,092.50 | \$179.42 | | \$11,271.92 | \$26,361.54 |
| 1/3/03 - 1/28/03 | \$49.30 x 225 (52.82% incr.) | \$11,092.50 | \$348.50 | | \$11,441.00 | \$23,233.46 |
| 2/3/03 - 2/28/03 | \$49.30 x 225 (52.82% incr.) | \$11,092.50 | \$304.12 | | \$11,396.62 | \$34,674.46 |
| 3/4/03 - 3/29/03 | \$49.30 x 225 (52.82% incr.) | \$11,092.50 | \$475.07 | | \$11,567.57 | \$31,671.08 |
| 4/2/03 - 4/27/03 | \$49.30 x 225 (52.82% incr.) | \$11,092.50 | \$540.58 | | \$11,633.08 | \$43,238.65 |
| 5/2/03 - 5/27/03 | \$49.30 x 225 (52.82% incr.) | \$11,092.50 | \$499.08 | | \$11,591.58 | \$47,671.73 |
| 6/3/03 - 6/28/03 | \$49.30 x 225 (52.82% incr.) | \$11,092.50 | \$564.95 | | \$11,657.45 | \$52,063.31 |
| 7/2/03 - 7/27/03 | \$49.30 x 225 (52.82% incr.) | \$11,092.50 | \$631.81 | | \$11,724.31 | \$44,863.31 |
| 7/31/03 - 8/25/03 | \$49.30 x 225 (52.82% incr.) | \$11,092.50 | \$699.68 | | \$11,792.18 | \$49,320.76 |
| Registered Letter | | | | \$4.00 | \$4.00 | \$53,845.07 |
| 9/2/03 - 9/27/03 | \$49.30 x 225 (52.82% incr.) | \$11,092.50 | \$768.62 | | \$11,861.12 | \$58,437.25 |
| 10 Month Backcharge | \$49.30 x 14 x 10 Mo. (52.82% incr.) | | | \$6,902.00 | \$6,902.00 | \$58,441.25 |
| 10/1/03 - 10/26/03 | \$49.30 x 239 (52.82% incr.) | \$11,782.70 | \$942.07 | | \$12,724.77 | \$63,102.37 |
| *10/27/03 - 11/30/03 | \$49.30 x 239 (52.82% incr.) | \$11,782.70 | | | \$12,724.77 | \$70,004.37 |
| *12/03 | Penalties, Notify Fee, 14 SFE adj. | (\$690.20) | (\$6,237.94) | (\$4.00) | \$4,850.56 | \$75,529.14 |
| | | \$224,377.45 | (\$0.00) | \$6,902.00 | \$231,279.45 | \$75,529.14 |
| | | | | | | \$80,379.70 |
| | | | | | | \$150,899.75 |

Exhibit "A"

UNITED UTILITIES PAYMENTS AND CHARGES

| | United Utilities Charges | Timberline Payments | NGU Payments |
|--------------------------------|--------------------------------|------------------------|---------------------|
| Balance Forward | \$80,379.70 | | |
| 11/03 Pmt. On Previous Balance | | | \$80,379.70 |
| 12/03 49.3x239(52.82% incr.) | \$11,782.70 | | |
| 12/03 Timberline Payment | | \$14,400.00 | |
| 01/04 49.3x239(52.82% incr.) | \$11,782.70 | | |
| 02/04 49.3x239(52.82% incr.) | \$11,782.70 | | \$9,165.40 |
| 03/04 49.3x239(52.82% incr.) | \$11,782.70 | | \$11,782.70 |
| 04/04 49.3x239(52.82% incr.) | \$11,782.70 | | \$11,782.70 |
| 05/04 49.3x239(52.82% incr.) | \$11,782.70 | | \$11,782.70 |
| 06/04 49.3x239(52.82% incr.) | \$11,529.36 | | \$11,782.70 |
| 07/04 Ruling Adjustment | (\$5,722.16) | | |
| 07/04 48.24x239(49.54% incr.) | \$11,529.36 | | \$5,807.20 |
| 08/04 48.24x239(49.54% incr.) | \$11,529.36 | | \$11,529.36 |
| 09/04 48.24x239(49.54% incr.) | \$11,529.36 | | \$11,529.36 |
| 10/04 48.24x239(49.54% incr.) | \$11,818.80 | | \$11,529.36 |
| 11/04 48.24x245(49.54% incr.) | \$11,818.80 | | \$11,818.80 |
| 12/04 48.24x245(49.54% incr.) | \$11,818.80 | | \$11,818.80 |
| 01/05 48.24x245(49.54% incr.) | \$11,818.80 | | \$11,818.80 |
| 02/05 48.24x245(49.54% incr.) | \$11,818.80 | | \$11,818.80 |
| 03/05 48.24x245(49.54% incr.) | \$11,818.80 | | \$11,818.80 |
| 04/05 48.24x245(49.54% incr.) | \$11,818.80 | | \$11,818.80 |
| 05/05 48.24x245(49.54% incr.) | \$11,818.80 | | \$11,818.80 |
| 06/05 48.24x245(49.54% incr.) | \$11,818.80 | | \$11,818.80 |
| 07/05 48.24x245(49.54% incr.) | \$11,818.80 | | \$11,818.80 |
| 08/05 48.24x245(49.54% incr.) | \$11,818.80 | | \$11,818.80 |
| 09/05 48.24x245(49.54% incr.) | \$12,011.76 | | \$11,818.80 |
| 10/05 48.24x249(49.54% incr.) | \$12,011.76 | | \$12,011.76 |
| 11/05 48.24x249(49.54% incr.) | \$12,011.76 | | \$12,011.76 |
| 12/05 48.24x249(49.54% incr.) | \$12,011.76 | | \$12,011.76 |
| 01/06 48.24x249(49.54% incr.) | \$12,011.76 | | \$12,011.76 |
| 02/06 48.24x249(49.54% incr.) | \$12,011.76 | | \$12,011.76 |
| 03/06 48.24x249(49.54% incr.) | \$12,011.76 | | \$12,011.76 |
| 04/06 48.24x249(49.54% incr.) | \$12,011.76 | | \$12,011.76 |
| 05/06 48.24x249(49.54% incr.) | \$12,011.76 | | \$12,011.76 |
| Total | <u>\$417,572.06</u> | <u>\$14,400.00</u> | <u>\$403,172.06</u> |

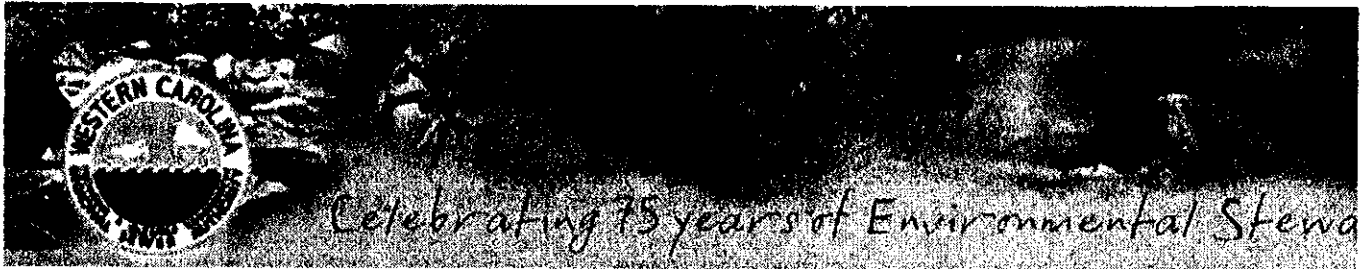
These reports reveal the tremendous increases of United Utilities rates. In May 2002 our bills increased 14.24%. Then in September 2002 the rates were increased by 52.82% with a rate increase request. In July 2004 the rates were approved for a 49.54% increase. In addition to the rate increases the SFE numbers increased from 225 to 239 in January 2003 increasing the monthly bill by \$675.36, in November 2004 to 245 increasing the monthly bill by \$289.44 and 249 in October 2005 increasing each monthly bill by \$192.96.

June 14 2006 Comparison of United Utilities and Western Carolina Rates

| Date | Blue Ridge Water Gallons Used | United Utilities Rates | Western Carolina Rates | Difference |
|-------------|--|---------------------------------------|---------------------------------------|--------------------|
| May 2005 | 2,262,600 | \$11,818.80 | \$8,620.51 | \$3,198.29 |
| June 2005 | 2,049,000 | \$11,818.80 | \$7,806.69 | \$4,012.11 |
| July 2005 | 2,412,600 | \$11,818.80 | \$9,192.01 | \$2,626.79 |
| Aug. 2005 | 2,404,900 | \$11,818.80 | \$9,162.67 | \$2,656.13 |
| Sept. 2005 | 3,481,800 | \$12,011.76 | \$13,265.66 | (\$1,253.90) |
| Oct. 2005 | 3,690,400 | \$12,011.76 | \$14,060.42 | (\$2,048.66) |
| Nov. 2005 | 2,337,600 | \$12,011.76 | \$8,906.26 | \$3,105.50 |
| Dec. 2005 | 3,307,300 | \$12,011.76 | \$12,600.81 | (\$589.05) |
| Jan. 2006 | 1,744,500 | \$12,011.76 | \$6,646.55 | \$5,365.21 |
| Feb. 2006 | 3,454,700 | \$12,011.76 | \$13,162.41 | (\$1,150.65) |
| March 2006 | 2,327,200 | \$12,011.76 | \$8,866.63 | \$3,145.13 |
| April 2006 | <u>3,110,900</u> | <u>\$12,011.76</u> | <u>\$11,852.53</u> | <u>\$159.23</u> |
| | <u>32,583,500</u> | <u>\$143,369.28</u> | <u>\$124,143.15</u> | <u>\$19,226.13</u> |

A yearly comparison of United Utilities and Western Carolina rates reveal that North Greenville University paid \$19,226.13 more to United Utilities this past year than would have been paid with Western Carolina. The rates for Western Carolina is based on water consumption at \$3.81 per 1,000 gallons.

Exhibit "B"



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WASTEWATER TREATMENT CHARGES

Western Carolina faces the daily challenge of providing an efficient wastewater treatment system for a growing community, while at the same time meeting stricter environmental regulations.

As an organization, we are committed to keeping our customers informed about how we are spending their fees. Please call us at any time to discuss our current operations and plans for the future, or visit the [What's New](#) page on this site.

BASE FEE

This fee recovers the cost of servicing 100,000 customer accounts ; maintaining 300 miles of trunk line. This fee applies to both residential and commercial accounts.

VOLUME CHARGES

This charge covers the cost of operations and maintenance, required replacements and improvements, and debt service.

Commercial customers receive a 5% reduction in volume charges since they generally use the same amount of water throughout the year. Commercial accounts are *not* eligible for the Six Month Savings Program.

| Effective Date | Monthly Base Fee | Volume Charges* | |
|----------------|------------------|-----------------|------------|
| | | Residential | Commercial |
| 3-01-05 | \$7.00 | \$4.01 | \$3.81 |

* Charge per 1,000 gallons of metered water.

For more information call 864-299-0260.

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